

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 261

February 2, 2021

SUMMARY OF BILL: Prohibits any private company with five or more employees from excluding, from the final wages of an employee who has quit or been discharged, any accrued, but unused vacation pay or other compensatory time. Establishes that no company policy or labor agreement is needed for such pay to be included in final wages and, furthermore, voids any company policy or labor agreement that is to the contrary.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The provisions of the legislation do not include public employees; as a result, it is assumed there will be no fiscal impact to state or local government salaries.
- The provisions of the legislation do not specifically require the Department of Labor and Workforce Development to enforce or investigate violations regarding payment of final wages.
- For purposes of the fiscal note, it is assumed that a private right of action will be the enforcement mechanism for proposed the legislation.

IMPACT TO COMMERCE:

Other Commerce Impact – Potential increased wage expenditures, alteration of benefits offered by employers, and potential reductions in work force or work hours for employees of private businesses. The extent of any such changes cannot be determined for such impacts are dependent upon multiple unknown factors.

Assumption:

- This legislation could increase wage expenditures for private businesses. Any such impact is dependent upon several unknown factors, including but not limited to, the number of private businesses that do not currently pay employees final wages which include accrued, but unused vacation days or compensatory time, the amount and total cost of paying final wages which include such accrued amounts, the extent to which any

such business will choose to reduce employee hours, alter the benefits package offered to employees, or reduce the size of their workforce. Due to the extent of unknown factors, a precise impact to commerce and jobs cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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